

FISCAL NOTE

Bill #: HB0261

Title: Increase municipal finance debt limits -increase vehicle fees to repay loan

Primary Sponsor: Haines, D

Status: As Amended in Senate Committee

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Expenditures:

State Special Revenue
Capital Projects

\$198,224
\$3,000,000

\$796,742
\$6,000,000

Revenue:

General Fund
State Special Revenue
Capital Projects

\$51,266
\$2,417,370
\$3,000,000

\$52,342
\$2,468,140
\$6,000,000

Net Impact on General Fund Balance:

\$51,266

\$52,342

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue

1. This proposal provides for a \$5 increase in the issuance of certificate of ownership fees provided for in 23-2-508 (watercrafts), 23-2-611 (snowmobiles), 23-2-811 (off-highway vehicles), and 61-3-203 (all other vehicles), MCA. The \$5 fee increase is effective July 1, 2003. In fiscal year 2004, a total of 351,021 vehicles will pay the certificate of ownership fees resulting in an increase in revenue of \$1,755,105; in fiscal year 2005, a total of 358,393 vehicles will pay the certificate of ownership fees resulting in an increase in revenue of \$1,791,965. All revenue from this \$5 fee increase will be deposited in the motor vehicle information technology system state special revenue account provided for in 61-3-550.
2. This bill provides for a new \$10 fee for the issuance of a new certificate of title following the release of a security interest or lien. In fiscal year 2004, a total of 53,410 vehicles will pay the lien release title fees resulting in an increase in revenue of \$534,100; in fiscal year 2005, a total of 54,532 vehicles will pay the lien release title fees resulting in an increase in revenue of \$545,320. All revenue from this \$10 fee will be deposited in the motor vehicle information technology system state special revenue account provided for in 61-3-550.

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3. This bill provides for a \$7 increase in the fee for duplicate certificate of ownership fees provided for in 61-3-204. The \$7 fee increase is effective July 1, 2003. In fiscal year 2004, a total of 25,633 vehicles will pay the duplicate certificate of ownership fees (DOJ) resulting in an increase in revenue of \$179,431; in fiscal year 2005, a total of 26,171 vehicles will pay the duplicate certificate of ownership fees (DOJ) resulting in an increase in revenue of \$183,197. Of this \$7 fee increase \$2, or \$51,266 in fiscal year 2004, and \$52,342 in fiscal year 2005 will be deposited in the state general fund. The remaining amount of the fee increase (\$5), or \$128,165 in fiscal year 2004, and \$130,855 in fiscal year 2005 will be deposited in the motor vehicle information technology system state special revenue account provided for in 61-3-550.
4. The net impact from the above assumptions in an increase in state general fund revenue of \$51,266 in fiscal 2004 and \$52,342 in fiscal 2005; and an increase in revenue to the motor vehicle information technology system state special revenue account provided for in 61-3-550 of \$2,417,370 in fiscal 2004, and \$2,468,140 in fiscal 2005.
5. The above impacts are calculated using a 2.1% annual growth rate on vehicles. The calendar year 2001 motor vehicle database is used as the base year in making the calculations in assumption two.
6. The bill is effective July 1, 2003 and terminates June 30, 2013.
7. There are no administrative impacts on the Department of Revenue from this bill.

Department of Justice

8. The intent of this bill is for the revenue collected from the additional \$5 issuance of certificate of ownership fees and the \$10 lien release title fee to be deposited directly in the Motor Vehicle Information Technology system state special revenue account provided in section 8, 61-3-550, MCA of this bill. The \$5 fee increase and the distribution of this fee terminate June 30, 2013.
9. Loans for the second phase of the motor vehicle business process improvement project are authorized by this bill with funding through a Board of Investments loan of \$18 million repayable over a term not to exceed ten years. The loan will be drawn \$3 million in FY04, \$6 million in FY05, \$4.5 million in FY06, and \$4.5 million in FY07. It will be deposited in the capital projects fund.
10. Debt service for this loan is \$198,224 in FY 2004, \$796,742 in FY05, \$1,520,983 in FY06, \$2,224,117 in FY07 and \$2,573,634 in the remaining years that is paid annually from fees deposited in the Motor Vehicle Information Technology System account in the state special revenue fund.
11. The fee increases are effective 7/1/2003, therefore, the programming to create the application fee codes to track the monies earmarked for the Motor Vehicle Information Technology System in the state special revenue fund would be absorbed by the department in FY 2003.

FISCAL IMPACT:

	<u>FY 2004</u>	<u>FY 2005</u>
	<u>Difference</u>	<u>Difference</u>
<u>Expenditures - Justice:</u>		
Operating Expenses – MV IT Development	\$3,000,000	\$6,000,000
Debt Service __ P&I	\$198,224	\$796,742

Funding of Expenditures:

State Special (02) – Motor Vehicle IT	\$198,224	\$796,742
Capital Projects (05)	\$3,000,000	\$6,000,000

Revenues:

General Fund (01)	\$51,266	\$52,342
State Special (02) – Motor Vehicle IT	\$2,417,370	\$2,468,140
Capital Projects (05) – Bond Proceeds	\$3,000,000	\$6,000,000

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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$51,266	\$52,342
State Special (02) – Motor Vehicle IT	\$2,219,146	\$1,671,368
Capital Projects (05) – Bond Proceeds	\$0	\$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

No impact.

LONG-RANGE IMPACTS:

Revenues to the state general fund and the state special revenue account will continue to grow by approximately 2.1% per year until the bill terminates on June 30, 2013. Beginning July 1, 2013, the Motor Vehicle Information Technology System state special revenue account will no longer receive the \$5 fee increase.